



ANZ COVERED BOND GUIDE

SEPTEMBER 2020

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
(ABN 11 005 357 522)



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ANZ COVERED BOND PROGRAM OVERVIEW



AUSTRALIAN COVERED BOND LEGISLATION

| | |
|-----------------|---|
| Structure | <ul style="list-style-type: none">• Covered bond issuance permitted pursuant to the Banking Act 1959 since October 2011.• Authorised deposit taking institutions (ADIs) to be covered bond issuer, with dual recourse to issuer (first) and the cover pool (next).• Guarantee provided by a special purpose vehicle (SPV), used for segregation of cover pool assets and provides legal certainty of a priority claim over the cover pool assets. |
| Priority | <ul style="list-style-type: none">• Bondholders have a priority claim against a cover pool of financial assets.• Demand Loan and Intercompany Loan determine the size of the cover pool. Combined limit set on these loan facilities must comply with the total cover pool limit.• The Australian Prudential Regulation Authority (APRA) has limited powers with respect to assets in the cover pool. |
| Cover Pool | <ul style="list-style-type: none">• Australian assets only - includes cash, Australian Government bonds, State-Government bonds, <100 day bank debt (up to 15%), residential or commercial mortgage loans and certain derivatives.• ANZ pool limits State-Government bonds to less than 15% and does not include any commercial mortgage loans.• Minimum level of over-collateralisation of 3% where value is only provided up to 80% loan to value ratio for residential loans (with contractual over-collateralisation (OC) in addition). |
| Issuance Limits | <ul style="list-style-type: none">• Issuance not permitted if cover pool assets > 8% of ADI's Australian assets. |
| Supervision | <ul style="list-style-type: none">• APRA has prudential supervision responsibilities.• Defined role of an independent cover pool monitor. |

ANZ RESIDENTIAL COVERED BOND PROGRAM

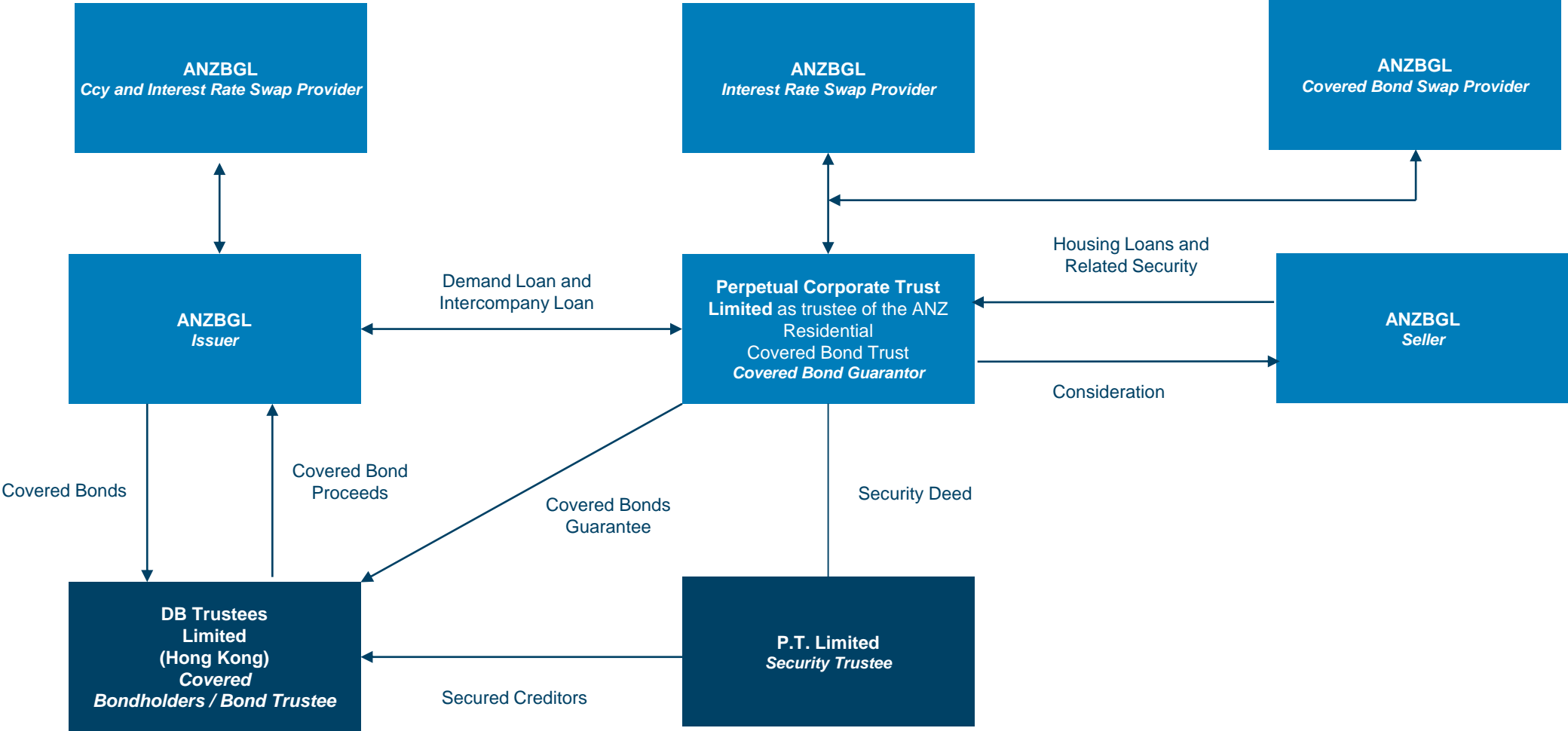
| | |
|-------------------------------|--|
| Issuer | <ul style="list-style-type: none"> Australia and New Zealand Banking Group Limited (ANZBGL and ANZ) |
| Issuer Rating | <ul style="list-style-type: none"> AA-/A1+ (negative outlook) (S&P), Aa3/P-1 (Moody's), A+/F1 (Fitch) |
| Program Size | <ul style="list-style-type: none"> US\$30,000,000,000 |
| Covered Bond Rating | <ul style="list-style-type: none"> Aaa (Moody's) / AAA (Fitch) |
| Covered Bond Guarantor | <ul style="list-style-type: none"> Perpetual Corporate Trust Limited in its capacity as trustee of the ANZ Residential Covered Bond Trust. |
| Covered Bond Guarantee | <ul style="list-style-type: none"> Guarantees payments of interest and principal, secured over a cover pool. |
| Cover Pool | <ul style="list-style-type: none"> Australian, first ranking residential mortgages and authorised investments ring fenced in the ANZ Residential Covered Bond Trust. |
| Over-collateralization | <ul style="list-style-type: none"> Maximum Asset Percentage is 95% and the current minimum Asset Percentage is 90.5%. Contractual over-collateralisation of 10.5% is the inverse of Asset Percentage. Monthly Asset Coverage Test to ensure cover pool has sufficient assets to secure the outstanding covered bonds per minimum contractual OC requirements. |
| LVR Cap | <ul style="list-style-type: none"> Legislative requirement includes maximum 80% loan to value ratio for 103% minimum legislative OC requirement. Excess above the 80% loan to value ratio limit is given zero collateral value. |
| Governing Law | <ul style="list-style-type: none"> Asset and security documents – Australian Bond distribution documentation – English, New York and/or Australian |
| Listing | <ul style="list-style-type: none"> London Stock Exchange for European issuance |

PARTIES TO THE PROGRAM

| | |
|-------------------------------|--|
| Issuer and Seller | <ul style="list-style-type: none"> • ANZBGL <p>Additional roles include:</p> <ul style="list-style-type: none"> Residual Income Unitholder & Residual Capital Unitholder Calculation Manager Currency & interest rate swap provider Interest Rate Swap provider Contingent Covered Bond Swap provider Account Bank Servicer Custodian |
| Covered Bond Guarantor | <ul style="list-style-type: none"> • Perpetual Corporate Trust Limited in its capacity as trustee of the ANZ Residential Covered Bond Trust |
| The Trust | <ul style="list-style-type: none"> • ANZ Residential Covered Bond Trust |
| Trust Manager | <ul style="list-style-type: none"> • ANZ Capel Court Limited |
| Bond Trustee | <ul style="list-style-type: none"> • DB Trustees (Hong Kong) Limited* in its capacity as bond trustee |
| Security Trustee | <ul style="list-style-type: none"> • P.T. Limited in its capacity as security trustee |
| Paying Agents | <ul style="list-style-type: none"> • Contain Deutsche Bank entities |
| Asset Monitor | <ul style="list-style-type: none"> • KPMG (performed at least on a semi-annual basis) |

* Some of the functions have been delegated to Perpetual Trustee Limited

PROGRAM STRUCTURE



PROGRAM STRUCTURAL ENHANCEMENTS

| | |
|-------------------------------|--|
| Over-collateralization | <ul style="list-style-type: none"> • Prior to a Notice to Pay, the Asset Coverage Test is performed on the relevant Determination Date to ensure sufficient assets to support the value of outstanding covered bonds. • After a Notice to Pay, the Amortisation Test is performed on each relevant Determination Date to ensure sufficient cash to pay any maturing bonds. |
| Indexation | <ul style="list-style-type: none"> • The nominal value of assets in the asset pool will be adjusted to reflect changes in house prices using a reliable and widely used measure such as RP Data-Rismark home value index. • The Asset Coverage Test and Amortisation Test require the use of the Indexed Valuation for each property. • Indexing is applied using a similar procedure to UK programmes, with 100% of any loss and 85% of any gain applied. • Housing Loans in arrears by more than three months receive zero collateral value. |
| Interest Rate Swap | <ul style="list-style-type: none"> • Hedges interest flows on the cover pool to a spread over 1 month BBSW to cover the payment obligations of the Trust, including interest payments on the Intercompany Loan and Demand Loan and the expenses of the Trust. • Provided by ANZBGL and will be required to post collateral, obtain guarantees or be replaced if certain rating triggers occur. |
| Covered Bond Swap | <ul style="list-style-type: none"> • Where covered bonds are issued in a currency and/or on an interest basis different to the Interest Rate Swap, ANZBGL will enter into a Cross Currency Swap and at the same time, the Covered Bond Guarantor will enter into a Forward Starting Covered Bond Swap. • Provided by ANZBGL and will be required to post collateral, obtain guarantees and/or be replaced if certain rating triggers occur. |

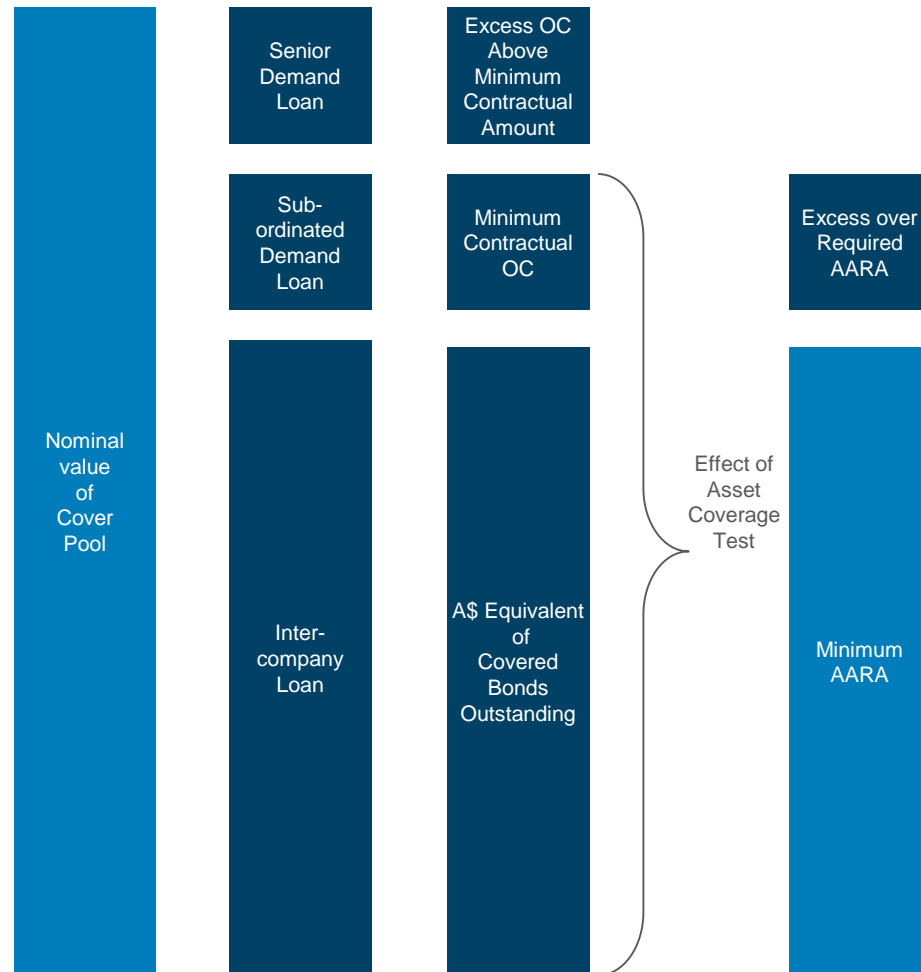
Capitalised but undefined terms on this page have the meaning given in the Prospectus.

PROGRAM STRUCTURAL ENHANCEMENTS

| | | |
|---|---|---|
| Pre Maturity Test | <p>Moody's: below P-1 Fitch: below F1+ / A+</p> | <p>For Hard Bullet Covered Bonds maturing within the next 12 months, Pre-Maturity Ledger must be funded by the A\$ equivalent of the Required Redemption Amount.</p> <p>Failure to remedy a breach of the Pre-Maturity Test within the required timeframe will cause an issuer Event of Default to occur.</p> |
| Reserve Fund | <p>Moody's: below P-1 Fitch: below F1+</p> | <p>An amount equal to the A\$ equivalent of three months' interest and expense must be credited to the Reserve Fund. A Reserve Fund was established following the Issuer's short term, unsecured, unsubordinated and unguaranteed obligations being rated F1 by Fitch in April 2020.</p> |
| Swap Collateralisation & Replacement | <p>Fitch: below F1 / A</p> | <p>Swaps must be cash-collateralized (one-way CSA) within 14 calendar days of a ratings trigger event.</p> <p>ANZ must replace itself as swap counterparty if ANZ's Fitch rating falls below F2 / BBB+</p> |
| | <p>Moody's: below P-1 / A2</p> | <p>Swaps must be cash-collateralized (one-way CSA) within 30 business days of a ratings trigger event.</p> <p>ANZ must replace itself as a swap counterparty if ANZ's Moody's rating falls below P2 / A3</p> |
| Transfer Trust Bank Account | <p>Moody's: below P-1 Fitch: below F1 / A</p> | <p>Account bank ceases to be an Eligible Bank if it does not obtain a guarantee from an Eligible Bank (of its obligations) within:</p> <p>(1) At any time prior to 1 December 2015, 30 Local Business Days or (ii) at any time on and from 1 December 2015, 30 calendar days.</p> |
| Servicer Termination Event | <p>Moody's: below Baa3 Fitch: below BBB-</p> | <p>The Covered Bond Guarantor or the Security Trustee to terminate the appointment of the Servicer in a manner as set out in Program Documents</p> |

Capitalised but undefined terms on this page have the meaning given in the Prospectus.

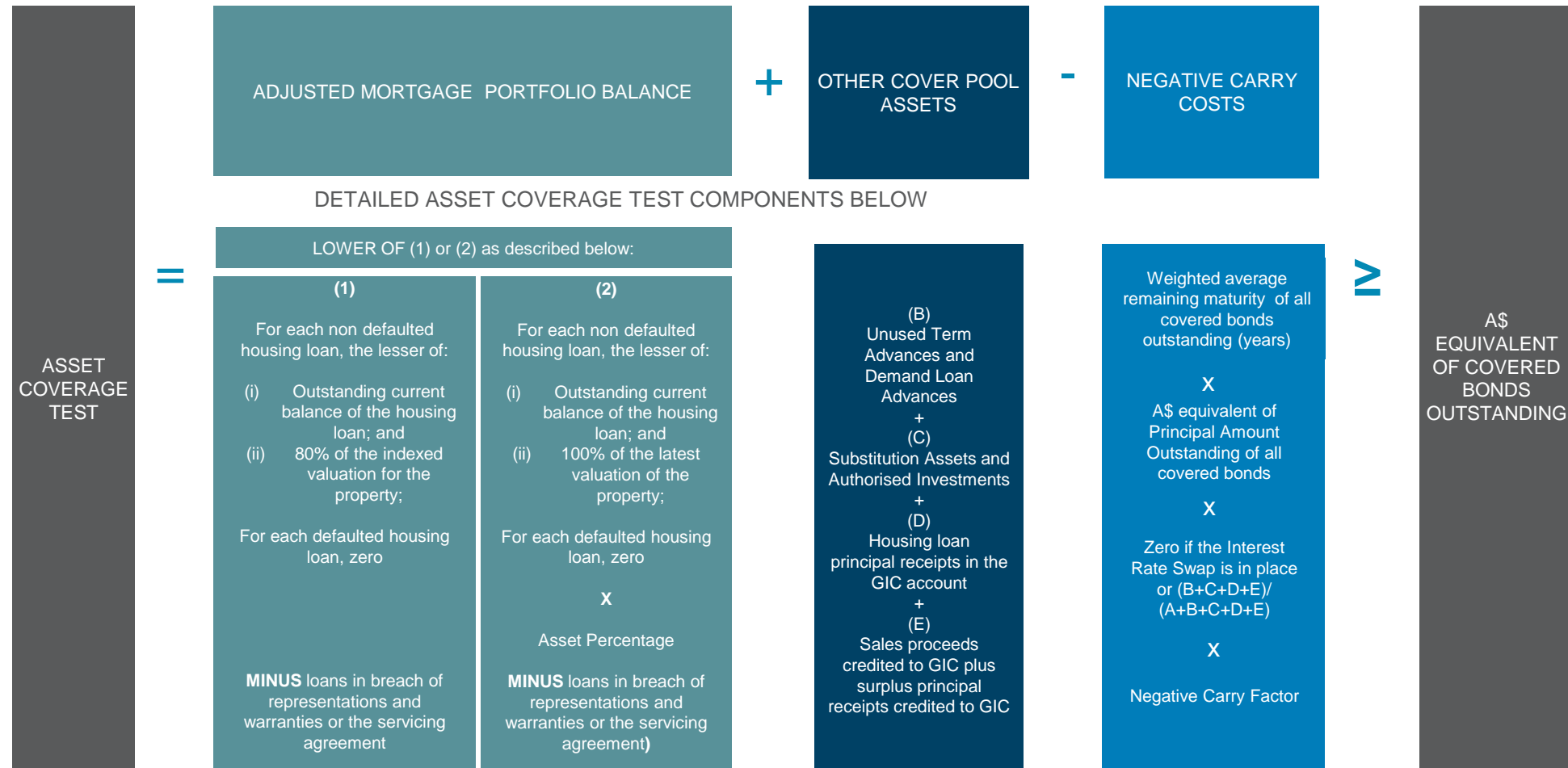
COVER POOL, THE DEMAND & INTERCOMPANY LOANS



- The Asset Coverage Test is an ongoing test to ensure the adjusted aggregate receivable amount (**AARA**) is equal to or greater than A\$ equivalent of Covered Bonds outstanding.
- The AARA is determined by applying a collateral “haircut” using the asset percentage which corresponds to the contractual minimum over-collateralisation.
- The minimum AARA is for the benefit of bondholders and APRA has no rights with respect to this portion of the cover pool.
- The cash equivalent of the excess AARA over the minimum AARA represents voluntary over-collateralisation, and is funded through the senior demand loan.
- The senior demand loan can be called by the Issuer, or if directed by APRA, for immediate repayment.

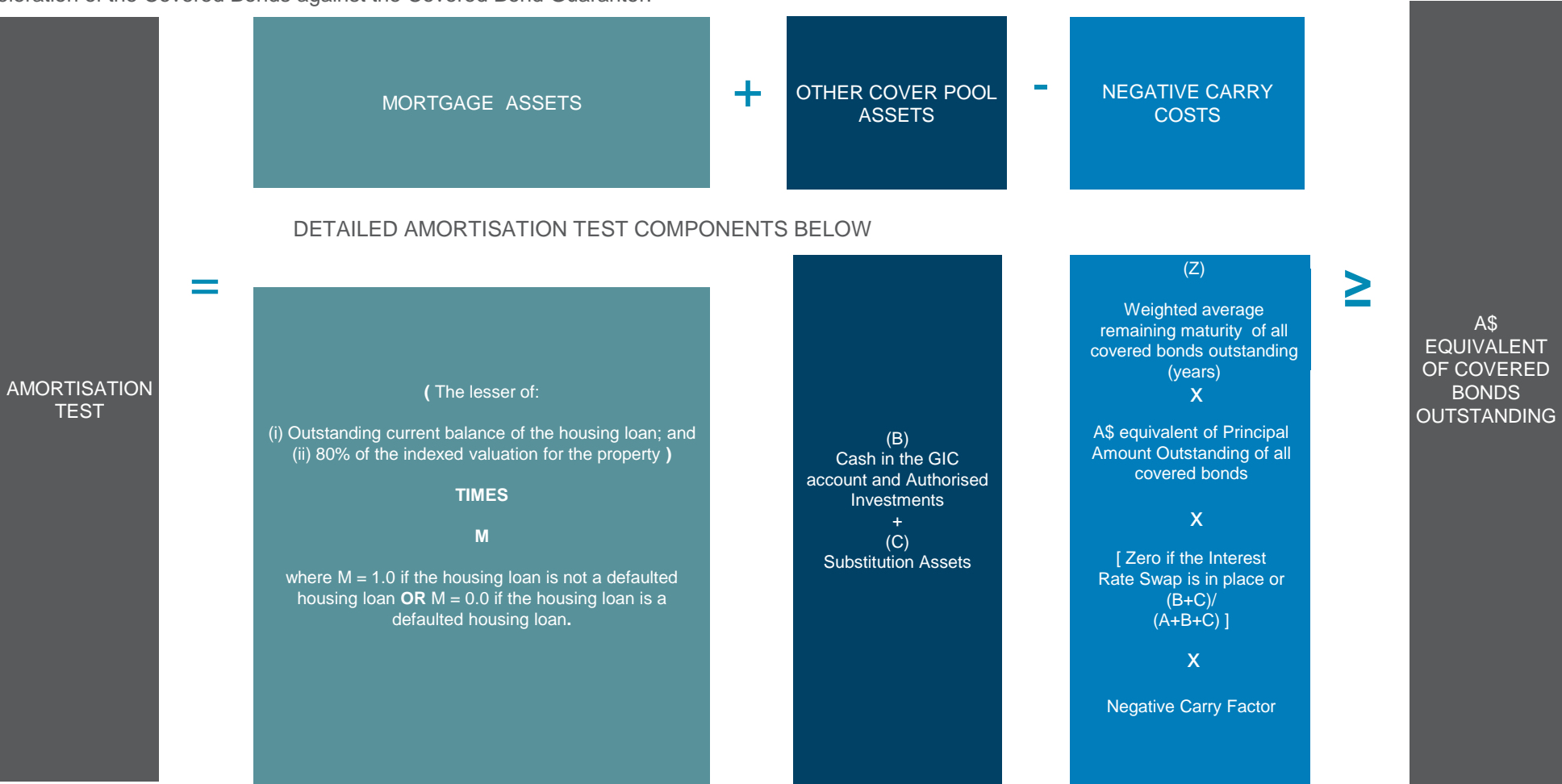
ASSET COVERAGE TEST

- Tested monthly on every determination date prior to the service of a Notice to Pay
- The Asset Coverage Test is intended to test that the value of housing loans, cash, and other eligible assets is greater than the A\$ equivalent of outstanding covered bonds. The excess is funded by the senior ranking portion of the demand loan.
- Failure of the Asset Coverage Test leads to an Issuer Event of Default and this may then prompt an acceleration of the Covered Bonds against the Issuer.



AMORTISATION TEST

- Tested monthly on every determination date after the service of a Notice to Pay.
- The Amortisation Test is intended to test that the value of the Covered Bond Guarantor's assets are at least equal to the A\$ equivalent of outstanding covered bonds.
- A failure of the Amortisation Test will constitute a Covered Bond Guarantor Event of Default and prompt an acceleration of the Covered Bonds against the Covered Bond Guarantor.



ISSUER EVENT OF DEFAULT AND COVERED BOND GUARANTEE

Issuer Event of Default

Include:

- Default in principal or interest for 7 days
- Issuer fails to perform obligations for 30 days (other than Asset Coverage Test)
- Winding up, insolvency and bankruptcy events
- An uncured breach of Asset Coverage Test

Following an Issuer Event of Default

- Serving of an Issuer Acceleration Notice to the Issuer will accelerate claims against the Issuer but not the Guarantor. The bonds do not accelerate.
- Bondholders may immediately claim against the Issuer and rank pari-passu with ANZ's senior unsecured debt.
- Any money obtained under that claim is paid to the Guarantor for payment of interest and principal according to the original payment schedule.

Activation of Covered Bond Guarantee

- Following an Issuer Acceleration Notice, the Trustee may serve a Notice to Pay on the Covered Bond Guarantor.
- Investors receive payment of interest and principal under the Covered Bond Guarantee according to the original payment schedule as if no Issuer Event of Default had occurred.
- To the extent the Covered Bond Guarantor has insufficient funds to repay in full Covered Bonds on the maturity date, the unpaid amount of Covered Bonds will be deferred and shall be due and payable 12 months later (or earlier if the Covered Bond Guarantor has sufficient funds). This provision does not apply to Hard Bullet Covered Bonds.



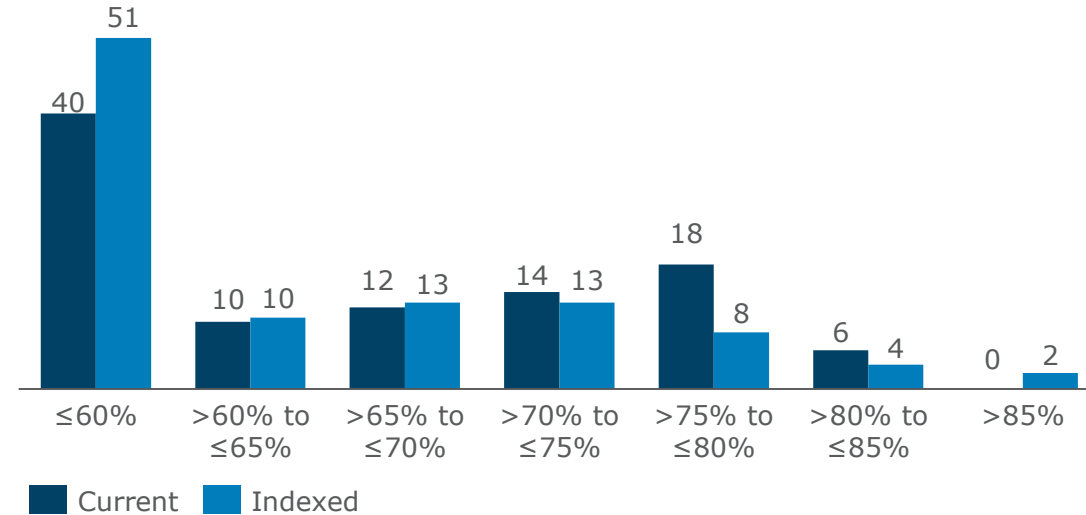
ANZ COVER POOL



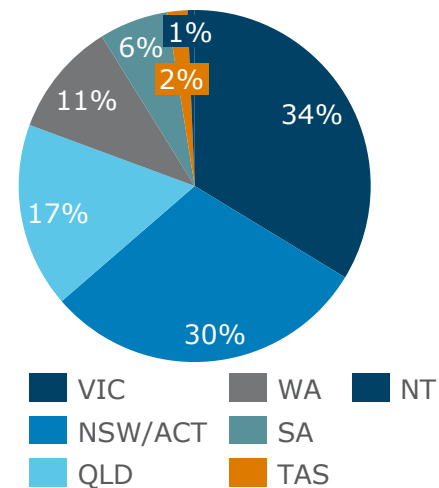
ANZ COVERED BONDS

COVER POOL SUMMARY COMPOSITION AND QUALIFYING CRITERIA

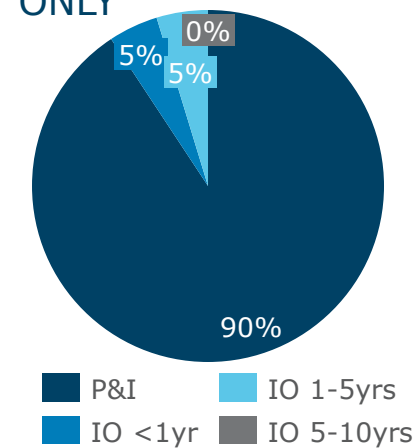
WEIGHTED AVERAGE LVR



GEOGRAPHIC SPREAD



AMORTISING VS INTEREST ONLY



PORTFOLIO SUMMARY AT 24 AUGUST 2020

| | |
|--|---------------|
| Covered Bond Pool | \$17.1bn |
| Covered Bonds on issue | \$10.1bn |
| Average loan size | \$310,109 |
| Weighted Ave Current LVR | 60.86% |
| Weighted Ave Indexed LVR | 56.63% |
| Min Required AP% / OC% | 90.5% / 10.5% |
| Owner-Occupied / Investment ¹ | 74% / 26% |
| Full-Doc loans | 100% |

QUALIFYING LOAN CRITERIA

- Due from a natural person resident of Australia
- Repayable in Australian Dollars
- Fully drawn
- Term does not exceed 30 years
- Current principal balance ≤ \$2,000,000
- Secured by a registered 1st mortgage
- Residential dwelling which is not under construction (excluding permitted renovations)
- The loan is not > 30 days in arrears
- The sale of the loan does not contravene or conflict with any applicable law
- The Borrower has made at least one interest payment on the loan

COVERED BONDS – COLLATERAL CHANGE (SINCE SEPTEMBER 2018)

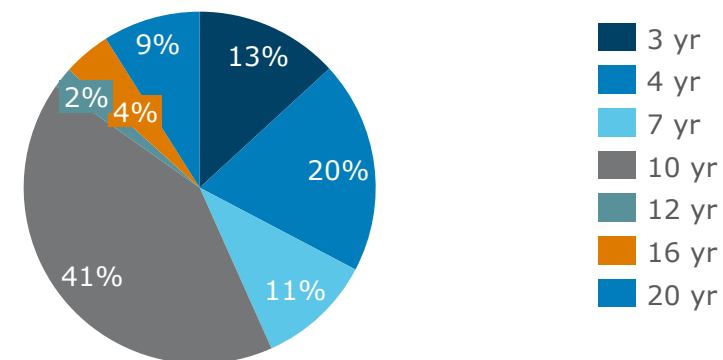
| Portfolio Summary | 22-Sep-2017 | 22-Dec-2017 | 22-Mar-2018 | 22-Sep-2018 | 22-Mar-2019 | 22-Sep-2019 | 22-Mar-2020 | 22-Aug-2020 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Cover Pool | \$19.5bn | \$19.5bn | \$19.5bn | \$19.5bn | \$19.9bn | \$19.4bn | \$17.9bn | \$17.1bn |
| Covered Bonds on issue | \$13.9bn | \$13.9bn | \$13.9bn | \$12.4bn | \$14.3bn | \$14.3bn | \$13.0bn | \$10.1bn |
| Average loan size | \$325,695 | \$322,231 | \$320,747 | \$321,239 | \$322,962 | \$327,665 | \$319,445 | \$310,109 |
| Weighted Ave Current LVR | 65.53% | 65.07% | 64.84% | 64.57% | 63.81% | 62.60% | 60.84% | 60.86% |
| Weighted Ave Indexed LVR | 58.17% | 57.31% | 57.54% | 58.23% | 59.80% | 60.87% | 57.52% | 56.63% |
| Weighted Ave Seasoning | 36.86 months | 37.33 months | 38.21 months | 39.30 months | 42.99 months | 46.97 months | 50.41 months | 54.72 months |
| Min Required AP%/OC% | 90.5% / 10.5% | 90.5% / 10.5% | 90.5% / 10.5% | 90.5% / 10.5% | 90.5% / 10.5% | 90.5% / 10.5% | 90.5% / 10.5% | 90.5% / 10.5% |
| Owner-Occupied/Investment | 72% / 28% | 72% / 28% | 73% / 27% | 73% / 27% | 73% / 27% | 74% / 26% | 74% / 26% | 74% / 26% |
| P&I Loans vs IO Loans | 76% / 24% | 78% / 22% | 80% / 20% | 81% / 19% | 85% / 15% | 87% / 13% | 89% / 11% | 90% / 10% |
| Variable Rate Loans vs Fixed Rate Loans | 86% / 14% | 86% / 14% | 86% / 14% | 86% / 14% | 87% / 13% | 88% / 12% | 90% / 10% | 88% / 12% |
| Full-Doc loans | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

- Cover pool has been reduced in size reflecting changes in ANZ's funding requirements over the 2017 to 2020 period;
- There has been an increase in P&I loans largely due to conversion of IO loans to P&I loans due to pricing differentials;
- No material changes in the composition of the cover pool over the past 12 months;
- Asset percentage has been maintained at 90.5% over the past 12 months;
- Continued system enhancements implemented in ABS Suite which manages all secured funding collateral; AND
- Loans subject to loan repayment holidays due to Covid-19 represented 7.85% of the cover pool as at 31 July 2020.

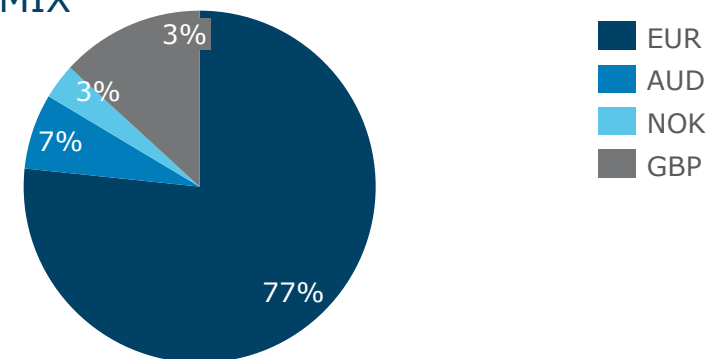
COVERED BONDS ON ISSUE AS AT 24 AUGUST 2020

| Covered Bonds | |
|---------------------------|----------|
| Bonds Outstanding (\$A\$) | \$10.1bn |
| Cover Pool (A\$) | \$17.9bn |
| Program Ratings | Aaa/AAA |
| Number of Issues O/s | 13 |
| Number of Currencies | 4 |
| WA Term at Issue | 8.8 |

ANZ COVERED BONDS – ISSUANCE TENOR



ANZ COVERED BONDS – CURRENCY MIX



| Issuance Capacity | |
|--------------------------------|----------|
| Contractual AP% | 90.5% |
| Min Required OC% | 10.50% |
| 8% of Total Australian Assets | ~A\$53bn |
| Max Issuance Capacity | ~A\$48bn |
| % Collateral Capacity Utilised | ~32% |
| % Issuance Capacity Utilised | ~21% |



AUSTRALIA HOME LOANS

PORTFOLIO OVERVIEW

| | Portfolio ¹ | | | Flow ² | | | Portfolio ¹ | | |
|---|------------------------|--------|--------|-------------------|------------------|--|------------------------|-------|-------|
| | 1H18 | 1H19 | 1H20 | 1H19 | 1H20 | | 1H18 | 1H19 | 1H20 |
| Number of Home Loan accounts ¹ | 1,018k | 1,000k | 971k | 64k ³ | 64k ³ | Average LVR at Origination ^{7,8,9} | 68% | 67% | 68% |
| Total FUM ¹ | \$271b | \$269b | \$264b | \$21b | \$23b | Average Dynamic LVR (excl. offset) ^{8,9,10} | 55% | 56% | 56% |
| Average Loan Size ⁴ | \$266k | \$269k | \$272k | \$375k | \$382k | Average Dynamic LVR (incl. offset) ^{8,9,10} | 50% | 51% | 51% |
| % Owner Occupied ⁵ | 65% | 66% | 68% | 73% | 69% | Market Share (MBS publication) ¹¹ | 15.8% | 15.1% | n/a |
| % Investor ⁵ | 32% | 31% | 30% | 26% | 30% | Market share (MADIS publication) | n/a | n/a | 14.1% |
| % Equity Line of Credit | 3% | 3% | 2% | 1% | 1% | % Ahead of Repayments ¹² | 71% | 71% | 76% |
| % Paying Variable Rate Loan ⁶ | 83% | 82% | 85% | 73% | 87% | Offset Balances ¹³ | \$27b | \$27b | \$28b |
| % Paying Fixed Rate Loan ⁶ | 17% | 18% | 15% | 27% | 13% | % First Home Buyer | 7% | 7% | 8% |
| % Paying Interest Only | 26% | 18% | 12% | 12% | 13% | % Low Doc ¹⁴ | 4% | 4% | 3% |
| % Broker originated | 51% | 52% | 52% | 57% | 49% | Loss Rate ¹⁵ | 0.02% | 0.04% | 0.03% |
| | | | | | | % of Australia Geography Lending ^{16,17} | 64% | 63% | 59% |
| | | | | | | % of Group Lending ¹⁶ | 46% | 44% | 40% |

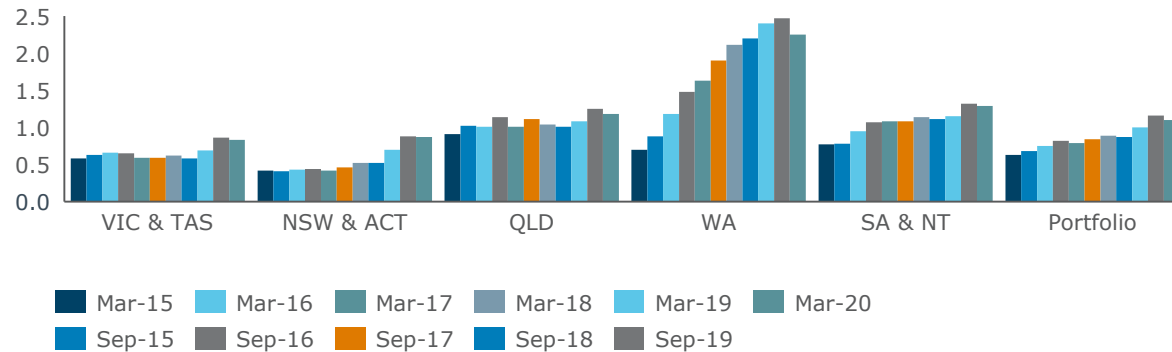
1. Home Loans portfolio (includes Non Performing Loans, excludes Offset balances) 2. YTD unless noted 3. New accounts includes increases to existing accounts and split loans (fixed and variable components of the same loan) 4. Average loan size for Flow excludes increases to existing accounts (note the average loan size previously reported in 1H18 and prior included increases to existing accounts) 5. The current classification of Investor vs Owner Occupier is based on ANZ's product category, determined at origination as advised by the customer and the ongoing precision relies primarily on the customer's obligation to advise ANZ of any change in circumstances. 6. Excludes Equity Manager Accounts 7. Originated in the respective year 8. Unweighted based on # accounts 9. Includes capitalised LMI premiums 10. Valuations updated to Feb-20 where available. Includes Non Performing Loans and excludes accounts with a security guarantee and unknown DLVR 11. APRA Monthly ADI Statistics to Feb-20 – Note APRA changed the underlying market share definition in Jul-19 and historical periods (1H18 & 1H19) are not comparable to 1H20 12. % of Owner Occupied and Investment Loans that have any amount ahead of repayments. Based on excess repayments based on available Redraw and Offset. Excludes Equity Manager Accounts. Includes Non Performing Loans 13. Balances of Offset accounts connected to existing Instalment Loans 14. Low Doc is comprised of less than or equal to 60% LVR mortgages primarily for self-employed without scheduled PAYG income. However, it also has ~0.1% of less than or equal to 80% LVR mortgages, primarily booked pre-2008 15. Annualised write-off net of recoveries 16. Based on Gross Loans and Advances 17. Australia Geography includes Australia Division, Wealth Australia and Institutional Australia

AUSTRALIA HOME LOANS

PORTFOLIO GROWTH

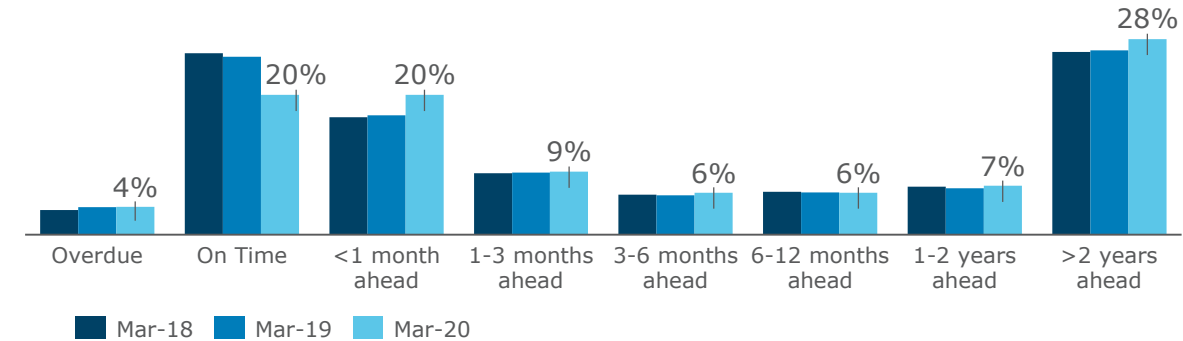
HOME LOANS 90+ DPD BY STATE^{1,2}

%



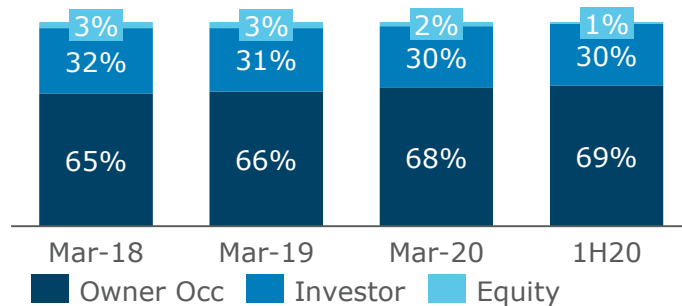
HOME LOANS REPAYMENT PROFILE^{1,2}

76% of accounts ahead of repayments

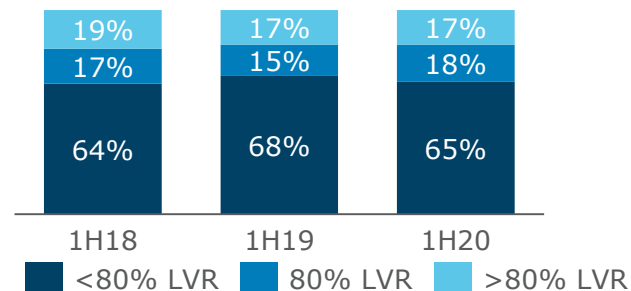


PORTFOLIO^{1,2} & FLOW³ COMPOSITION

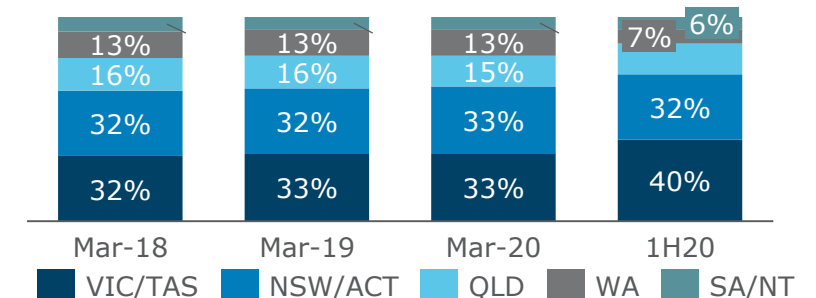
BY PURPOSE



BY ORIGINATION LVR⁴



BY LOCATION



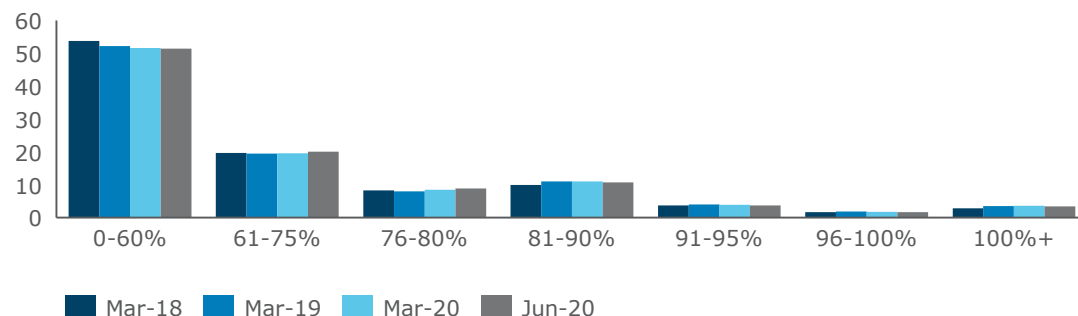
1. Includes Non Performing Loans. 2. The current classification of Investor vs Owner Occupied is based on ANZ's product category, determined at origination as advised by the customer and the ongoing precision relies primarily on the customer's obligation to advise ANZ of any change in circumstances 3. YTD unless noted 4. Includes capitalised LMI premiums

AUSTRALIA HOME LOAN CREDIT QUALITY

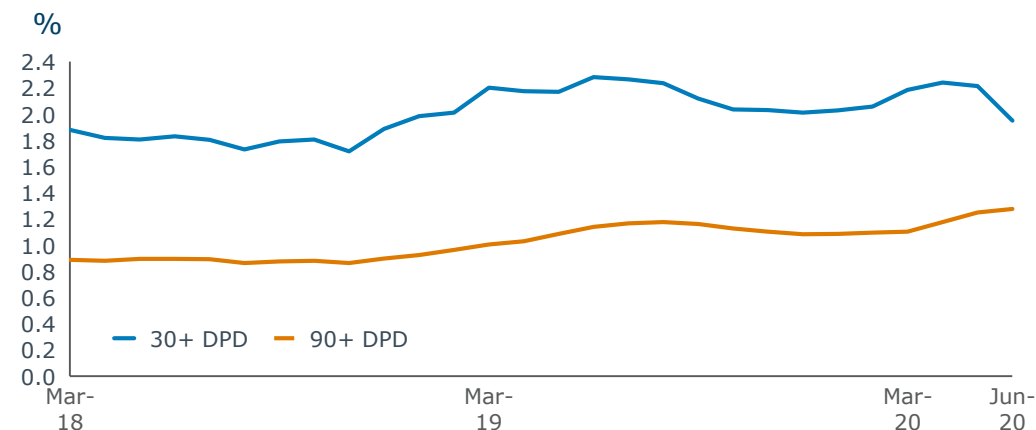
- For eligible home loans¹ receiving COVID-19 assistance, arrears are frozen for the period of the loan deferral
- Customers who requested assistance but were ineligible for repayment deferral based on these criteria were considered under ANZ Hardship arrangements, including payment moratoriums, where delinquency continues to increase when scheduled repayments are not made
- The increase in 90+ delinquency to 1.28% at June 2020 (up 18bps from March 2020) was driven by these customers impacted by COVID-19 but ineligible for deferral
- As a result of the assistance measures, a reduced number of accounts have missed scheduled payments in the quarter and 30+ delinquency has reduced 23bps QoQ to Jun-20

DYNAMIC LOAN TO VALUE RATIO⁵

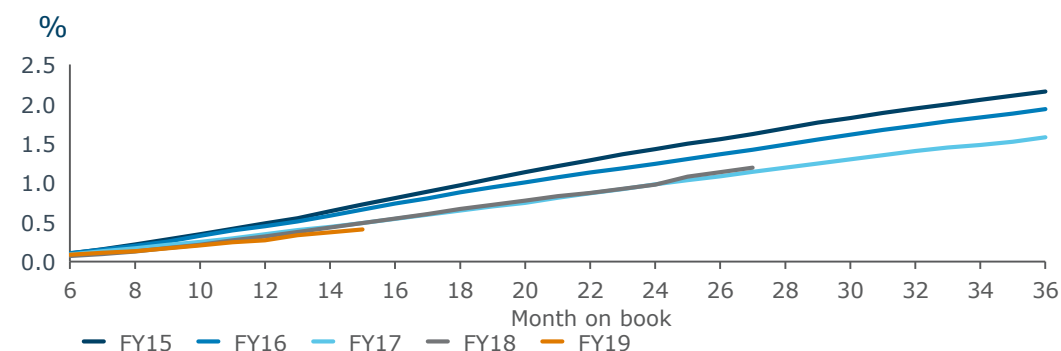
% of total Portfolio Accounts



AUS. HOME LOANS DELINQUENCIES^{2,3,4}



AUS. HOME LOANS 90+ DAYS PAST DUE^{6,7} (BY VINTAGE)



- COVID-19 loan deferrals are available to customers if either their Home Loan repayments are less than 30 days past due, or if their repayments are less than 90 days past due and were up to date at 1 March 2020
- Includes Non Performing Loans
- ANZ delinquencies are calculated on a missed payment basis for amortising and Interest Only loans
- 30+ and 90+ excludes eligible Home Loans accounts that had requested COVID-19 assistance but due to delays in processing had not had the loan repayment deferral applied to the account
- Includes capitalised LMI premiums. Valuations updated to May-20 where available. Includes Non Performing Loans and excludes accounts with a security guarantee and unknown DLVR. DLVR does not incorporate offset balances
- Home loans 90+ DPD vintages represent % ratio of over 90+ delinquent (measured by # accounts), contains at least 6 application months of that fiscal year contributing to each data point
- As at 30 Jun 2020

CUSTOMER SUPPORT – AUSTRALIA (HOME LOANS)

COVID-19 RELIEF - HOME LOAN PAYMENT DEFERRALS AT 31 JULY 2020

Home Loan relief at 31 July 2020:

- ~130k COVID-19 enquiries have been received to date, with 90k of these going onto COVID-19 relief measures offering payment deferral¹:
 - ~6,000 accounts have completed or unwound deferral arrangements over the period of March to end July 2020
 - ~84,000 accounts as at 31 July 2020 representing ~\$31b of home loan balances (~81,000 accounts at 30 June 2020) on deferral, ~9% of all home loan accounts, ~12% of home loan balances

Deferral cohort observation:

- ~ two thirds have stable or improved income⁵
- ~ one quarter have made at least one payment while on deferral
- ~ 95% have a 'savings buffer' (offset, redraw and credit in savings account)
- ~ half have at least a 3 month or greater payment 'buffer'⁶

3 month check in process:

- Formal processes have been developed to pro-actively identify customers at risk of being unable to return to full repayments, and put in place appropriate treatment strategies to minimise any adverse impacts
- Contact program is well progressed, prioritised to focus on home loan account cohorts where internal data suggests a potentially higher risk of difficulty

| | Loan repayment deferrals Total Active deferrals at 31 July 2020 | Total AUS. Home Loan Portfolio ² |
|--|--|---|
| Total number of home loans | 84k | 986k |
| Total \$ value of home loan balance | \$31b | \$268b |
| Offset balances | \$1.2b | \$29.4b |
| Avg. Dynamic LVR (Ex. offset) ^{3,4} | 68% | 56% |
| Average Loan Size | \$371k | \$272k |
| % Principal & Interest | 92% | 86% |
| % Owner Occupied | 73% | 68% |

1. COVID-19 loan deferrals are available to customers if either their Home Loan repayments are less than 30 days past due, or if their repayments are less than 90 days past due and were up to date at 1 March 2020

2. Total portfolio statistics as at 30 June 2020

3. Unweighted based on # accounts

4. Includes capitalised LMI premiums, valuations for DLVR updated to May-20 where available, includes Non Performing Loans, excludes accounts with a security guarantee, and unknown DLVR

5. Based on deferral customers where ANZ can identify salary income, this excludes other income types and segments such as self-employed

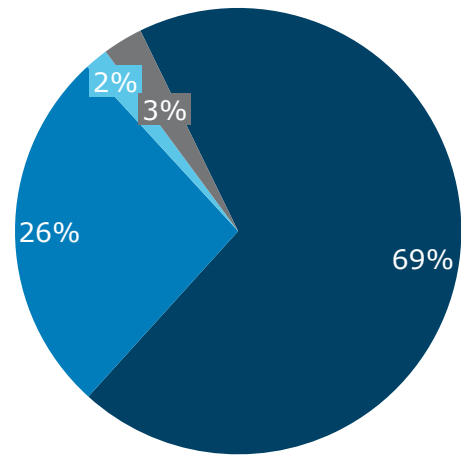
6. Buffers are calculated at customer level, incorporating all Retail debts within the customer cluster at ANZ, and all funds available in ANZ redraw, offset and transaction and savings accounts

CUSTOMER SUPPORT – AUSTRALIA (HOME LOANS)

COVID-19 RELIEF - HOME LOAN PAYMENT DEFERRALS AT 31 JULY 2020

~130,000 COVID-19 ENQUIRIES RECEIVED

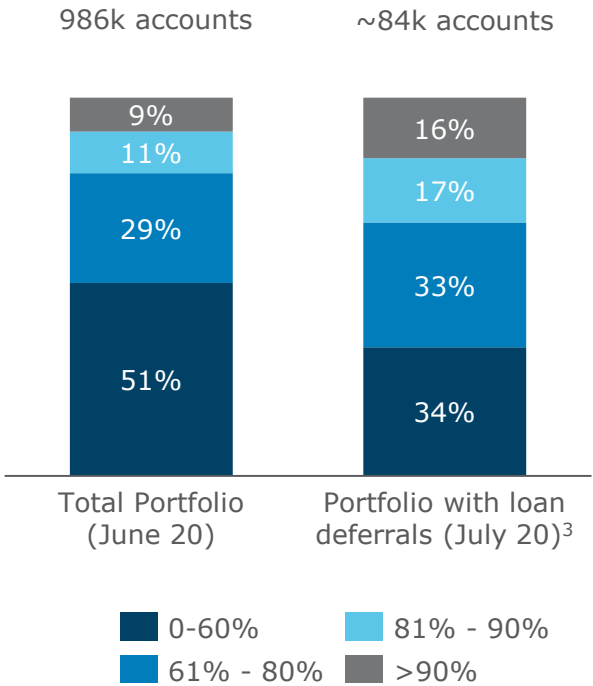
% of total requests (Mar-20 to Jul-20)



- Went onto repayment deferral
- Chose not to take up deferral
- Went onto other assistance
- Being processed at 31 July

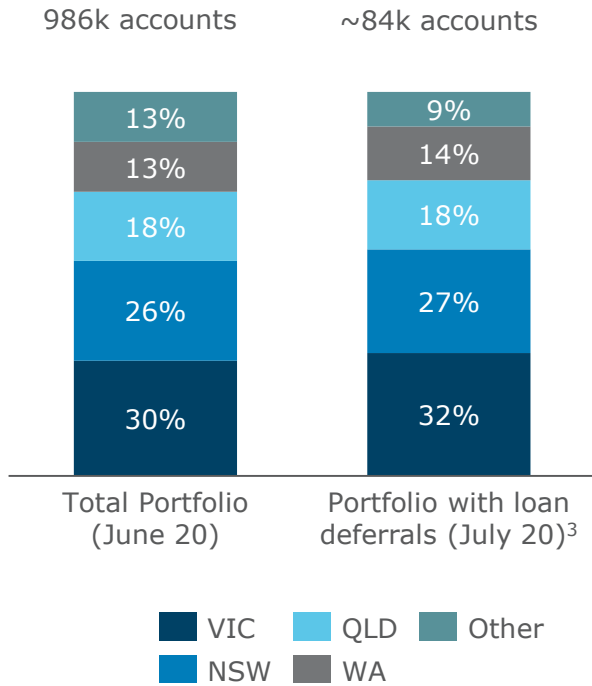
DYNAMIC LOAN TO VALUE RATIO

(% of accounts)^{1,2}



PORTFOLIO BY STATE

(% of accounts)



1. Includes capitalised LMI premiums, valuations for DLVR updated to May-20 where available, includes Non Performing Loans, excludes accounts with a security guarantee, and unknown DLVR
2. DLVR does not incorporate offset balances
3. Active (outstanding) deferrals as at 31 July 2020

PRODUCT OFFERINGS

| | Variable | | Fixed | | Line of Credit |
|-------------------------|-------------------------------------|--|--|--|---|
| Product | Standard Variable | Simplicity Plus | Fixed (1-5 years) | Fixed (7 & 10 years) | Equity Manager |
| Description | A fully featured variable rate loan | A competitive variable rate loan with basic features | Certainty of fixed interest repayments for fixed rate period | Certainty of fixed interest repayments for fixed rate period | Flexible line of credit available for any personal, residential or investment purpose |
| Launched | Nov 1979 | May 2008 | Jul 1990 | Jul 1999 | Dec 1997 |
| FUM (as at 31 Mar 2020) | 70% | 13% | 15% | <1% | 2% |
| Loan approval fee | Yes ¹ | Yes ² | Yes ¹ | Yes ¹ | Yes ¹ |
| Loan admin charge | Yes, monthly ¹ | No | Yes, monthly ¹ | Yes, monthly ¹ | Yes, annually ¹ |
| Redraw | Yes | Yes | Yes (only after the fixed rate period has expired) | Yes (only after the fixed rate period has expired) | n/a |
| Offset available | Yes | No | 1 year rate only | No | n/a |
| Eligible for package | Yes | No | Yes | Yes | Yes |

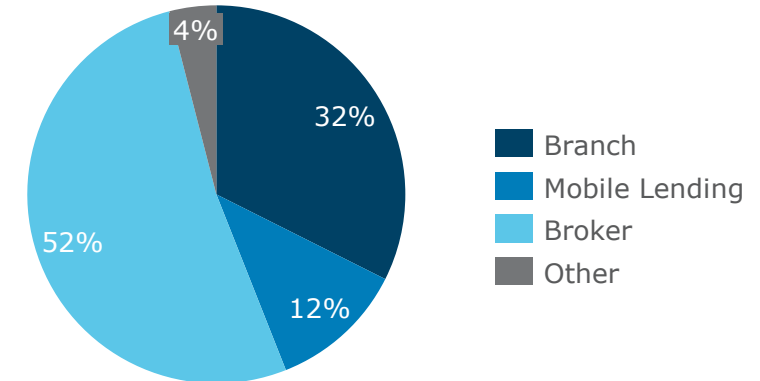
1. Waived under Breakfree Package; 2. Waived as part of a campaign since March 2014

DISTRIBUTION CHANNELS

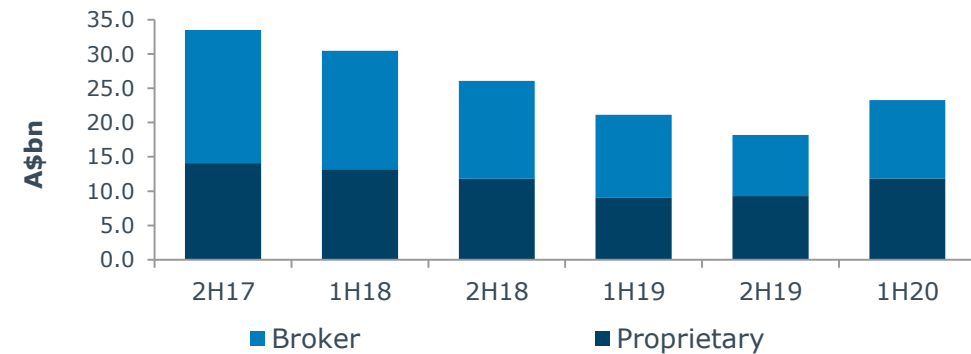
MORTGAGES ORIGATION LANDSCAPE

| | |
|-----------------------|---|
| Branch | <ul style="list-style-type: none"> • 1,782 branch mortgage capable staff + 262 HILMs • 32% of Mortgage Funds Under Management (FUM) • Controls: Internal file checking program, Branch health checks (well managed program), sales compliance reports, mortgage file compliance • Staff Learning and Development includes ANZ's Lending Origination course (LOCAM) |
| Phone | <ul style="list-style-type: none"> • Over the phone origination via 68 sales staff + 16 support staff • 2% of Mortgage FUM inc. supporting online • Controls: Internal file checking program, telephony QA program, sales compliance reports, mortgage file compliance • Staff Learning and Development includes the LOCAM course |
| Mobile Lending | <ul style="list-style-type: none"> • 153 sold franchises, 387 lenders in total • Territories cover over 90% of Australian population • 12% of Mortgage FUM • Credit assessment decisions performed by ANZ |
| Broker | <ul style="list-style-type: none"> • 35 Aggregator Companies and > 16,000 Brokers • 52% of Mortgage FUM • All credit assessment decisions performed by ANZ • Home and personal lending (some commercial lending) |
| Introducers | <ul style="list-style-type: none"> • 568 active mortgage introducers • 3% of sales written through above channels (9% of Branch sales) • All referrals are 1 way, credit assessment decisions performed by ANZ and documentation held as part of ANZ's lending file |

HOME LOAN PORTFOLIO FUM BY CHANNEL



TREND IN FUM ORIGATION BY CHANNEL



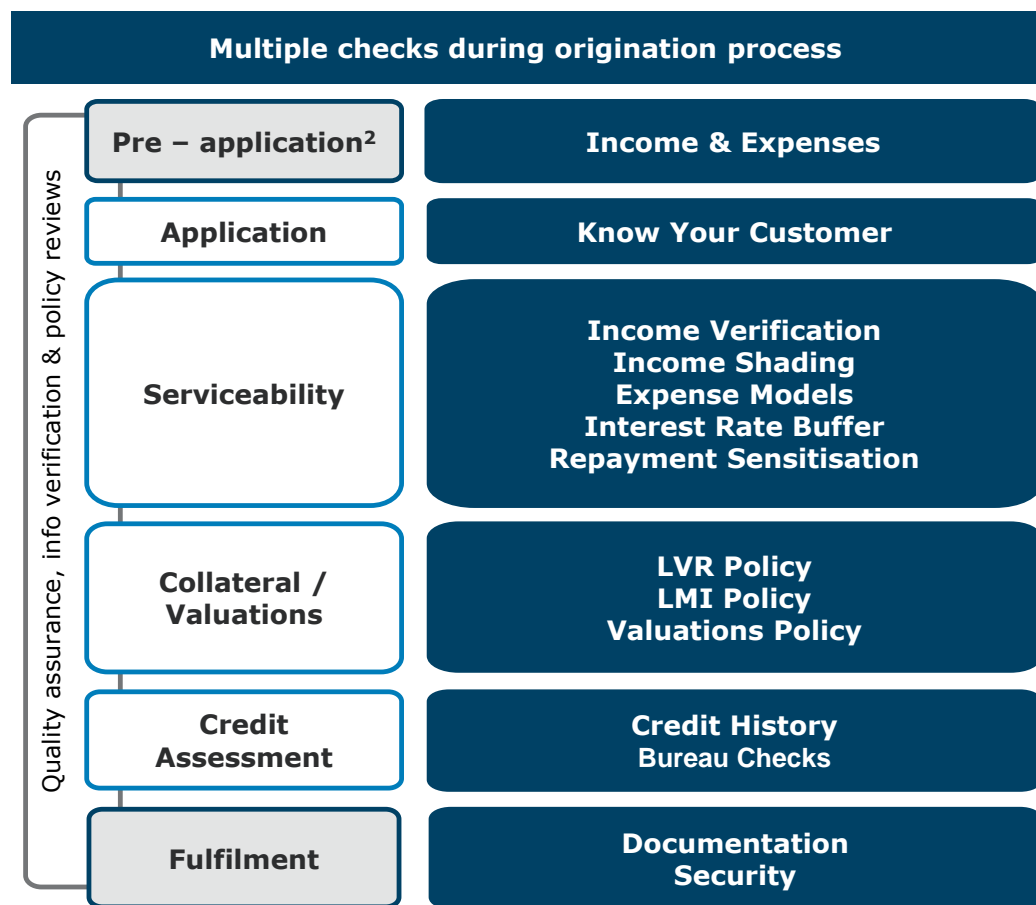
CHANNEL ACCREDITATION

STRINGENT ON-BOARDING AND MONITORING PROCESSES ENSURE HIGH-QUALITY NON PROPRIETARY CHANNELS

| | Accreditation | Monitoring |
|----------------|--|---|
| Mobile Lending | <ul style="list-style-type: none"> • Selection involves several stages: business planning, interviews with Franchise Acquisition Manager and Regional Manager, panel interview • Candidates undergo policy, credit and police checks. • Franchise entity is authorised under ANZ's Australian Credit Licence as a credit representative • Completion of LOCAM course | <ul style="list-style-type: none"> • Completion of mandatory compliance training • Monthly franchise visitations by Regional Managers • Annual compliance checks (insurance, Financial Ombudsman Service, etc.) • Quarterly franchisee state meetings |
| Broker | <ul style="list-style-type: none"> • All mortgage brokers in Australia must be registered with ASIC as an ACL holder or credit representative under the National Consumer Credit licensing regime • All ANZ accredited mortgage brokers must be members of MFAA or FBAA, with Certificate IV accreditation and minimum CPD requirements | <ul style="list-style-type: none"> • Bi-monthly review of the ASIC credit licence against a broker database. • Brokers can be suspended temporarily or terminated permanently on advice from internal and external sources |
| Introducer | <ul style="list-style-type: none"> • All introducers must be registered with an ABN • Unless they also provide financial advice, introducers are not required to hold an Australian Credit License as they operate as mere referrers. • Further criteria are assessed and checks performed (e.g. ASIC, financials, industry classification) before being accepted • Each introducer has an accredited lender assigned as Relationship Owner • All new introducers are required to complete Police and Bankruptcy checks | <ul style="list-style-type: none"> • Annual Business Reviews ensure the introducer continues to meet the criteria of the proposition and that there is sufficient activity • Introducer referred deals are monitored for arrears on an as needs basis • Bankers with high concentrations of introducer lending are reviewed via quality file reviews |

AUSTRALIA HOME LOANS

UNDERWRITING PRACTICES AND POLICY CHANGES¹



- End-to-end home lending responsibility managed within ANZ
- Effective hardship & collections processes
- Full recourse lending
- ANZ assessment process across all channels

Serviceability

| | |
|---------------|---|
| Aug'15 | Interest rate floor applied to new and existing mortgage lending introduced at 7.25% |
| | Introduction of an income adjusted living expense floor (HEM*) |
| Apr'16 | Introduction of a 20% haircut for overtime and commission income |
| | Increased income discount factor for residential rental income from 20% to 25% |
| Nov'18 | Enhanced Responsible Lending processes including additional enquiry and increase in minimum monthly credit card expense |
| Jul'19 | Reduced interest floor from 7.25% to 5.50% and increase interest rate buffer from 2.25% to 2.50%. |
| Feb'20 | Reduced interest floor from 5.50% to 5.25%. |

*The HEM benchmark is developed by the Melbourne Institute of Applied Economic and Social Research ('the Melbourne Institute'), based on a survey of the spending habits of Australian families.

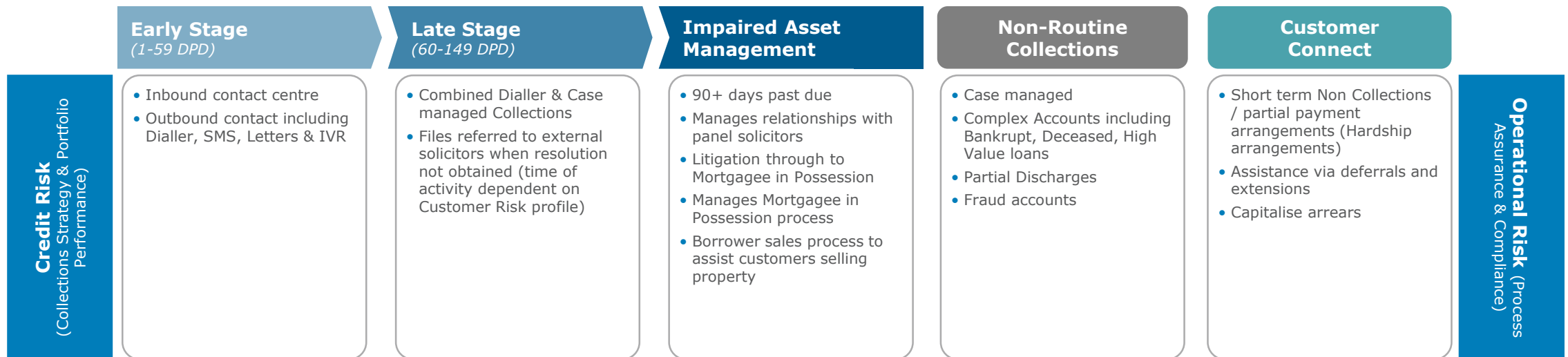
1. 2015 to 2020 material changes to lending standards and underwriting
 2. Customers have the ability to assess their capacity to borrow on ANZ tools

HOME LOANS COLLECTIONS OPERATING MODEL

Our Collections Philosophy...

"Minimise Delinquency and loss through timely actions that are realistic, reasonable and sustainable for customers and ANZ."

- ANZ's Retail Collections function manages accounts through the different stages of the delinquency life cycle, working collaboratively with Credit Risk and Products Management teams to deliver the best outcome for the Customer and for ANZ.
- The Collections function for the Australian Retail portfolio spans across multiple geographies, with teams in Melbourne AU, Wellington NZ and Manila PH, as well as support from third party providers.
- Within Home Loans, the Collections function:
 - Manages approximately 26,000 delinquent customers with \$10bn in outstanding balances
 - Processes approximately ~100,000 calls per calendar month, including inbound, outbound and IVR managed through automation





AUSTRALIAN MORTGAGES: KEY FEATURES



THE STRUCTURE OF THE AUSTRALIAN MORTGAGE MARKET HAS RESULTED IN VERY LOW LOSSES THROUGH VARIOUS CYCLES

AUSTRALIAN MORTGAGE MARKET CHARACTERISTICS

| | |
|--------------------------------|--|
| Full Recourse | <ul style="list-style-type: none"> • All mortgage lending is full recourse |
| Variable rate | <ul style="list-style-type: none"> • Most mortgage lending is in variable rate format (typically > 80%) • Primary assessment on cashflow with interest rate buffer applied (currently 2.50%¹ above mortgage rate, subject to a floor of 5.25%) |
| Low LVRs | <ul style="list-style-type: none"> • Average dynamic LVR² is 56% (~68% for 1H20 origination LVR) • Loans with LVR > 80% require mortgage insurance³ • No sub prime market |
| Limited tax advantages | <ul style="list-style-type: none"> • Results in high prepayment levels • Consequently mortgage debt as proportion of housing stock is low |
| Originate to hold model | <ul style="list-style-type: none"> • Mortgages retained on balance sheet • ANZ portfolio of ~\$264bn. • Last Securitisation by ANZ in 2019 with only ~\$1.9bn outstanding from 2 external RMBS transactions as at 1 June 2020 |

1. Moved from 2.25% to 2.50% in July 2019

2. Unweighted. Excludes non performing loans. Includes Owner Occupied, Investment Loans and Equity Loans. Inclusive of capitalised premiums. Valuations updated Feb'20 where applicable

3. Except for medico and staff where LVR <=90 are not required to have mortgage insurance.



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